

Message Text

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PAGE 01 JIDDA 00460 210819Z
ACTION NEA-10

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AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
AMEMBASSY TUNIS
AMCONSUL CASABLANCA
AMCONSUL DHAHRAN
USLO RIYADH
USINT BAGHDAD

UNCLAS JIDDA 0460

FOR SECRETARY KREPS FROM AMBASSADOR WEST

E.O. 11652: N/A
TAGS: AFSP, BEXP,SA
SUBJ: FUTURE OF RTDO AND CAGNE

REF: JIDDA 0105 (NOTAL)
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1. BOTH THE REGIONAL TRADE DEVELOPMENT OFFICE (RTDO),
ATHENS, AND THE COMMERCE ACTION GROUP FOR THE NEAR EAST
(CAGNE) IN COMMERCE ARE SERVING U.S. INTERESTS EXCEPTIONALLY
WELL IN SAUDI ARABIA. I WOULD LIKE TO AMPLIFY OUR SUPPORT
TO BOTH OPERATIONS EXPRESSED IN JIDDA 0105. WHILE VARIOUS
CONSIDERATIONS WILL AFFECT YOUR DECISION ON CONTINUING

OR CLOSING DOWN ONE OR BOTH OFFICES, THE FOLLOWING COMMENTS REFLECT OUR VIEWS AND HOPES THAT THEY WILL CONTINUE TO SERVE THE AREA.

2. AMERICANS COVERING THE NEAR EAST FROM REGIONAL OFFICES IN ATHENS, AND WHO VISIT HERE, ARE UNANIMOUS IN PRAISE OF THE INFORMATION AND SUPPORT RECEIVED FROM RTDO IN THREE VITAL AREAS. THE FIRST IS DISSEMINATION OF TRADE OPPORTUNITY INFORMATION. THE 200 TRADE LEADS WHICH WE REPORTED AND COPIED TO RTDO DURING THE FIRST 10 MONTHS OF 1977 RESULTED IN 2400 TRAGETED MAILINGS TO FIRMS BASED IN ATHENS THAT OTHERWISE MIGHT NOT HAVE RECEIVED THEM. SECOND, THE ATHENS RTDO PROVISION OF VERBAL AND PRINTED INFORMATION AND ADVICE ON MARKETS, BUSINESS REGULATIONS AND CONDITIONS THROUGHOUT THE NEAR EAST FOR BUSINESS TRAVELERS HAS EASED OUR WORK TREMENDOUSLY. THIRD, AND EQUALLY IMPORTANT FOR SAUDI ARABIA, THE RTDO INITIATIVES TO HELP U.S. BUSINESSMEN THROUGH THE HURDLES OF OBTAINING BUSINESS VISAS FROM THE SAUDI EMBASSY IN ATHENS BY SUPPLY-ING LETTERS OF INTRODUCTION AND PERSONAL LIAISON WHEN NECESSARY HAVE BEEN VERY EFFECTIVE. NEARLY EVERY U.S. BUSINESS VISITOR HERE WHO COMES FROM OR TRANSITS ATHENS HAS EXPRESSED GRATITUDE FOR ASSISTANCE / INFORMATION RECEIVED FROM RTDO. FREQUENTLY WE RECEIVED COPIES OF COORESpondENCE FROM ATHENS-BASED U.S. FIRMS WHICH RESPOND TO SAUDI TRADE OPPORTUNITIES OBTAINED FROM THE RTDO. ONE IMPORTANT
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TRADE OPPORTUNITY SUBMISSION INVOLVING SALE OF U.S. ELECTRIC GENERATING EQUIPMENT IN SAUDI ARABIA RESLUTED IN A PERSONAL VISIT OF THE FIRM'S ATHENS-BASED REPRE-SENTATIVE WITHIN ONE WEEK OF THE DATE OF TRANSMITTAL.

3. WE UNDERSTAND THAT SOME COMMERCE TRADE CENTERS ARE BEING CLOSED OR TRANSFORMED IN OTHER CITIES, AND THAT THE RUMORED CLOSING OF RTDO IS THUS PART OF LARGER POLICY CONSIDERATIONS. WE BELIEVE, HOWEVER, THAT RTDO/ATHENS PLAYS A SIGNIFICANTLY USEFUL ROLE IN OUR TRADE PROMOTION TO SAUDI ARABIA AND THE OTHER NEAR EAST AREAS AND IT SHOULD BE CONTINUED. THIS BECOMES MORE EVIDENT AS THE NEED TO BALANCE OUR TRADE DEFICIT CONTINUES AND MIDDLE EST PURCHASING POWER GROWS.

4. WE ARE ORIGINALLY CONCERNED THAT THE TRANSFER OF RTDO FROM BEIRUT TO ATHENS IN 1975 WOULD WEAKEN ITS CONTRIBUTION TO THE NEAR EST. IN OUR JUDGEMENT. THIS HAS NOT OCCURRED. FIRST, BECAUSE A LARGE NUMBER OF U.S. FIRMS ALSO MOVED REGION OFFICES TO ATHENS. SECOND, THE NUMBER OF U.S. FIRMS BASED THERE IS INCREASING. THE EXPERIENCE AND DEDICATION OF THE INCUMBENT DIRECTOR,

MR. EDWARD KINNEAR, AND HIS LOCAL AIDE, MR. RICHARD JABBOUR, HAVE BEEN IMPORTANT FACTORS IN SUCCESS OF THE OPERATION.

5. AS YOU KNOW, THE NUMBER OF U.S. FIRMS BASED IN SAUDI ARABIA, MANY OF WHOM HAVE PENINSULAR OR REGIONAL INTERESTS, HAS INCREASED FROM ABOUT 110 TO 310 DURING PAST TWO YEARS. IN OUR VIEW, CONSIDERATION SHOULD BEGIN TO BE GIVEN NOT TO CLOSING DOWN RTDO ATHENS BUT TO EXPANDING ITS STAFF TO COVER ON A MORE FREQUENT BASIS REGIONALLY-BASED U.S. FIRMS LOCATED ELSEWHERE IN THE NEAR EAST, ESTABLISHMENT OF AN RTDO OFFICE IN SAUDI ARABIA IS AN OPTION WHICH MERITS CONSIDERATION. U.S. EXPERTS TO SAUDI ARABIA ALONE THIS YEAR WILL EXCEED UNCLASSIFIED

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\$3 BILLION AND EXPORTS TO THE WHOLE AREA WILL ALSO CLIMB SIGNIFICANTLY. COMPETITION FROM EUROPE AND THE FAR EAST IS GROWING AS THIS MARKET BECOMES MORE ATTRACTIVE. I BELIEVE THAT WE SHOULD MAINTAIN AND EXPAND OUR TRADE EFFORTS. THE COMMERCE ACTION GROUP FOR THE NEAR EAST AND ITS ATHENS RTDO ARE DEFINITE ASSETS.

6. CAGNE HAS PLAYED A VITAL ROLE IN BRIEFING INDIVIDUAL U.S. BUSINESS PERSONS ON OPPORTUNITIES, REGULATIONS AND PROBLEMS OF DOING BUSINESS IN THE KINGDOM AND IN COOPERATION WITH OTHER COMMERCE UNITS SUCH AS OIM/SAD, HAS ORGANIZED MANY SUCCESSFUL TRADE MISSIONS TO THE KINGDOM, INCLUDING ONE FROM SOUTH CAROLINA IN WHICH I PARTICIPATED TWO YEARS AGO. WE WOULD HOPE THAT THE EXPERTISE DEVELOPED ON SAUDI ARABIA AND OTHER NEAR EAST MARKETS WILL NOT BE DIMINISHED OR LOST ALTOGETHER BY AN ABRUPT BREAK-UP OF THIS SEASONED GROUP. WEST

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